

## Message Text

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41

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 SS-15 CIAE-00 INR-10 NSAE-00

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----- 028503

R 231120Z JUL 73

FM AMEMBASSY THE HAGUE  
TO SECSTATE WASHDC 1696

UNCLAS THE HAGUE 3223

FOR COMMERCE SECRETARY DENT AND STATE UNDER SECRETARY CASEY  
FROM CHARGE' TANGUY

E.O. 11652: N/A

TAGS: BEXP, XX

SUBJECT: STATE/COMMERCE COOPERATION ON COMMERCIAL PROGRAM

REF: STATE 141993 AND A-6026

1. WE WERE MOST PLEASED TO HAVE YOUR REPORT ON THE CONTINUED  
DIALOGUE BETWEEN STATE AND COMMERCE AT THE HIGHEST LEVEL ON THE  
PROBLEM OF STRENGTHENING USG COMMERCIAL PROGRAMS. AS YOU KNOW  
EMBASSY THE HAGUE CONSIDERS OUR OVERALL BALANCE OF PAYMENTS  
EFFORT, OF WHICH THE COUNTRY COMMERCIAL PROGRAM IS KEY ELEMENT,  
TO BE OUR TOP PRIORITY PROGRAM HERE. WE ARE GRATEFUL FOR THIS  
OPPORTUNITY TO HIGHLIGHT FOR THE AUGUST 13 MEETING OF ADVISORS  
SOME OF THE PROBLEM AREAS WHICH WE FEEL MERIT EARLY  
ATTENTION.

2. WE AGREE THAT THE BUDGETARY PROBLEM SHOULD BE THE FIRST ORDER  
OF BUSINESS. IN TERMS OF FIELD OPERATIONS THAT TRANSLATES LARGELY  
INTO MANPOWER, BOTH AMERICAN AND LOCAL, AND MONEY FOR BUSINESS  
ENTERTAINMENT, TRAVEL, AND CLERICAL SUPPORT.

3. ON THE MANPOWER SIDE WE NEED MORE YOUNG, MOTIVATED AND  
COMMERCIALY ORIENTED FSO'S. NOW THAT THE PRESIDENT HAS DECIDED  
TO KEEP THE COMMERCIAL SERVICE WITHIN THE FOREIGN SERVICE  
CAREER SYSTEM, IT IS OBVIOUS THAT TO ATTRACT THE RIGHT KIND OF  
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MEN WE MUST BLAZE A CLEAR PATH THROUGH THE ECON/COMMERCIAL

CONE TO THE UPPER MANAGEMENT LEVEL OF THE FOREIGN SERVICE. THIS MAY SEEM PLATITUDINOUS BUT WE REGARD IT AS BASIC. WE MUST ALSO BRACE OURSELVES TO PAY MORE FOR GOOD LOCAL TRADE PROMOTERS. THE RIGHT KIND OF MAN IN A DEVELOPED COUNTRY LIKE HOLLAND MAY COST MORE THAN A JUNIOR FSO BUT HE HAS THE LOCAL EXPERIENCE AND THE CONTINUITY THAT OUR PROGRAMS SORELY NEED. OUR COMPETITION (E.G. THE BRITISH, CANADIANS AND AUSTRALIANS) HAS ALREADY ACCEPTED THIS CONCEPT.

4. ON THE MONEY SIDE, OUR COMMERCIAL REPRESENTATION ALLOWANCES (DESPITE THE WELCOME ROONEY SUBCOMMITTEE ACTION FOR FY 74) REMAIN GROSSLY INADEQUATE TO THE TASK. WE SHOULD BE CULTIVATING THE AGENTS, DISTRIBUTORS, GOVERNMENT PROCUREMENT OFFICIALS AND MAJOR END-USERS ON A SYSTEMATIC BASIS BUT LACK THE FUNDS EVEN TO MAKE A SUPERFICIAL START. COMMERCIAL OFFICERS IN COMPETING EMBASSIES HERE IN THE HAGUE HAVE AT THEIR DISPOSAL UP TO EIGHT TIME THE \$1,200 PER ANNUM OUR ECONOMIC AND COMMERCIAL OFFICERS ARE SPENDING HERE ON ALL ECON/COMMERCIAL REPRESENTATION. A SIGNIFICANT SHARE OF REPRESENTATION FUNDS ALLOCATED TO AMBASSADOR AND DCM IS SPENT IN SUPPORT OF EXPORT AND INVESTMENT PROMOTION, BUT THE SAME IS DOUBTLESS TRUE OF THEIR COUNTERPARTS IN COMPETING EMBASSIES. OUR INCREMENTAL REQUIREMENTS FOR TRAVEL FUNDS IN A SMALL COUNTRY LIKE HOLLAND IS MARGINAL, BUT SERVICEWIDE ARE IMPORTANT. IT IS DIFFICULT TO DO A PROPER SELLING JOB BY LETTER, PHONE OR TELEX.

5. SEEN FROM HERE, A BIG PART OF THE JOB MUST BE DONE AT THE STATESIDE END. THE POINTS LISTED IN YOUR TELEGRAM SUGGEST THAT YOU ARE THINKING ALONG THE SAME LINES. WE MUST FIND A CREDIBLE AND POLITICALLY ACCEPTABLE INCENTIVE TO TURN THE EYES OF OUR NEW-TO-EXPORT MANUFACTURERS TOWARD FOREIGN MARKETS. A DEMORALIZING PERCENTAGE OF OUR ETO'S ARE IGNORED BY AMERICAN BUSINESS. UNDER CURRENT EXCHANGE RATE CONDITIONS, THE DUTCH ARE MORE INTERESTED THAN EVER BEFORE IN WHAT WE HAVE TO OFFER, AS EVIDENCED BY THE 520 DUTCH IMPORTERS WHO HAVE PARTICIPATED AT THEIR OWN EXPENSE IN OUR CHARGER FLIGHTS TO NEARBY US TRADE SHOWS. UNFORTUNATELY TOO MANY POTENTIAL EXPORTERS ARE FOCUSSED SINGLE-MINDEDLY ON THE HOME MARKET. ONE HIGHLY PROMISING TECHNIQUE IS TO MOVE THE BUYER TO THE SELLER THROUGH REVERSE TRADE MISIONS TO TOP-FLIGHT US TRADE SHOWS. WE ARE NOW WORKING ON ONE, HOPEFULLY

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WITH COMMERCE SUPPORT, WHICH WE BELIEVE WILL DEMONSTRATE THE FEASIBILITY OF THIS IDEA.

6. WE WELCOME THE CONSIDERABLE PROGRESS IN COMPUTERIZATION OF COMMERCIAL PROGRAMS DESCRIBED IN STATE/COMMERCE A-6026. WE HERE INTEND TO MAKE THE FULLEST POSSIBLE USE OF AVAILABLE PROGRAMS, BUT THERE IS ONE BASIC GAP YET TO BE FILLED, I.E. DATA ON AMERICAN EXPORTERS IN OUR TARGET INDUSTRY CATEGORIES NOT YET

REPRESENTED IN THE NETHERLANDS. THESE ARE THE COMPANIES  
WE MUST IDENTIFY AND REACH OUT TO IF WE ARE TO ACHIEVE OUR  
OBJECTIVE.

7. THE FOREGOING AND OTHER CONCEPTS WILL BE DEVELOPED MORE FULLY  
IN THE FY 74 CCP FOR THE NETHERLANDS NOW BEING REFINED HERE FOR  
EARLY SUBMISSION TO STATE AND COMMERCE.  
TANGUY

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